

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6867

BILL NUMBER: HB 1432

NOTE PREPARED: Jan 12, 2013

BILL AMENDED:

SUBJECT: Video Service Franchise Fee.

FIRST AUTHOR: Rep. Lutz

BILL STATUS: As Introduced

FIRST SPONSOR:

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill provides that a provider of video service to Indiana customers under: (1) a certificate of franchise authority issued by the Utility Regulatory Commission; or (2) an unexpired local franchise issued by a local unit before July 1, 2006; may not be required to pay a franchise fee to any local unit with respect to any calendar quarter or other reporting period that begins after June 30, 2015.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill provides that local video service franchise fees are not to be imposed with respect to video service provided after June 30, 2015. The video service franchise fee is equal to the provider's gross revenue from providing video service in a local unit multiplied by the local unit's franchise fee rate. The rate varies by local government unit, but the maximum franchise fee allowed under current statute is 5%.

According to data available in the Local Government Database, 353 taxing units budgeted about \$21.5 M in revenue from the video service franchise fee in CY 2012.

The franchise fee is paid quarterly, within 45 days after the end of each calendar quarter. Under the bill, local units will receive franchise fee revenue for the last time in the third quarter of CY 2015 which will be attributable to fees assessed during the second quarter of CY 2015.

State Agencies Affected:

Local Agencies Affected: County, municipality, or township.

Information Sources: LOGODABA Database.

Fiscal Analyst: Randhir Jha, 232-9556.